



Northeastern University
Dukakis Center For Urban and Regional Policy

Grafton, Massachusetts: A Look at Economic Development

Barry Bluestone • 2016

Dukakis Center For Urban and Regional Policy
Northeastern University
School of Public Policy & Urban Affairs
www.northeastern.edu/dukakiscenter

A “Think and Do” Tank

**First, a look at the Massachusetts
economy:**

Growth in Real Output Massachusetts vs. U.S. 2009 - 2016 Q2

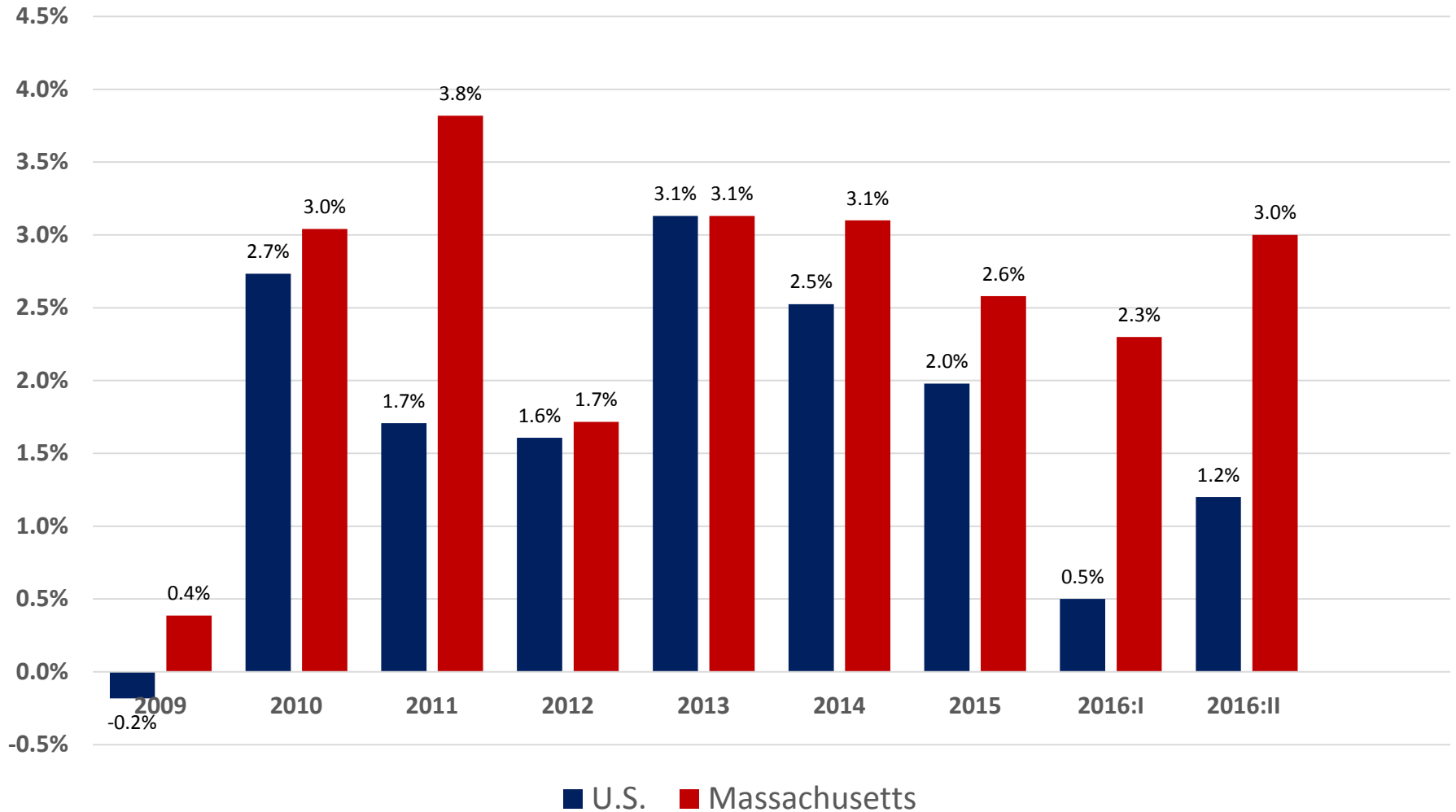
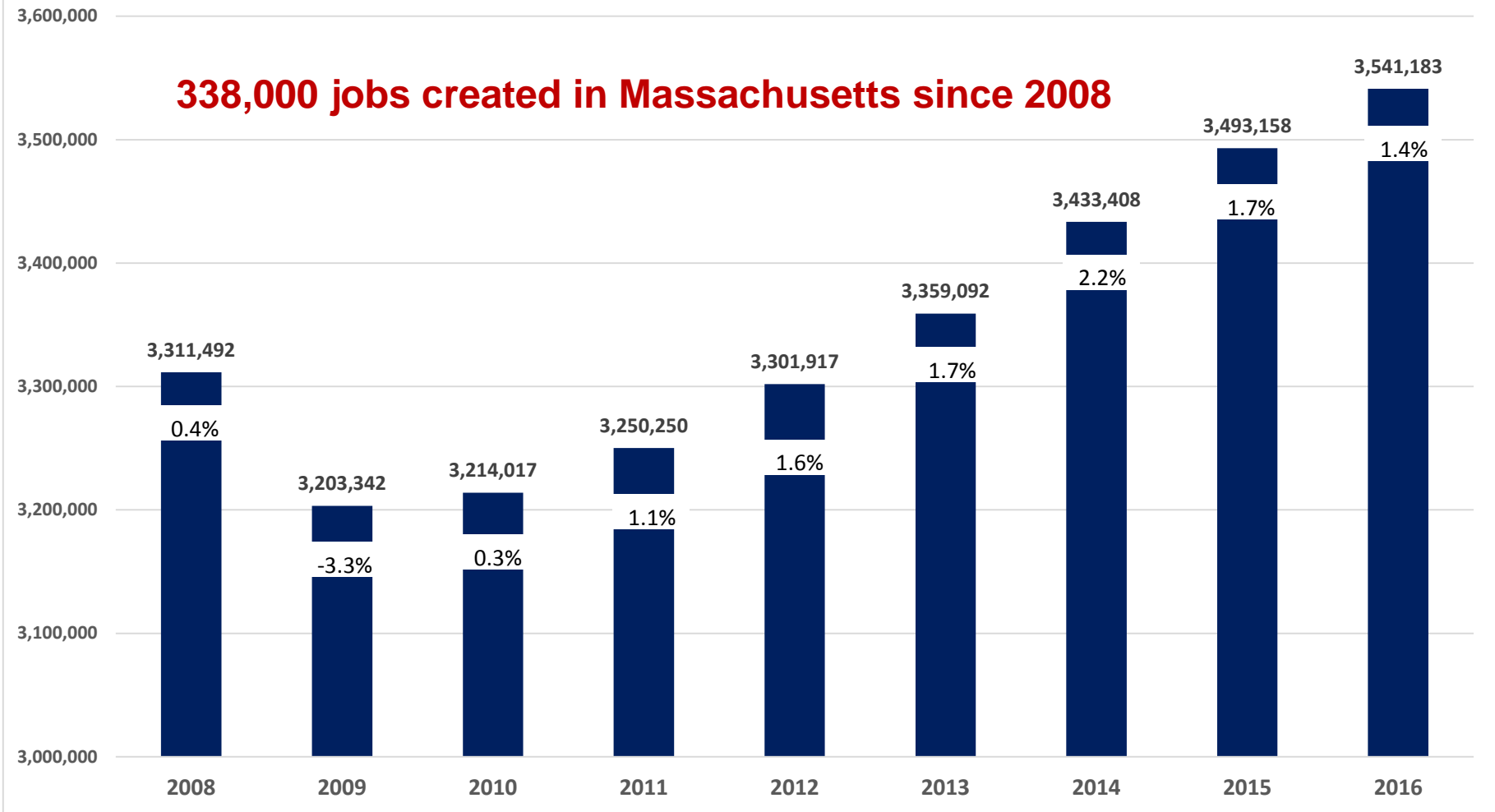
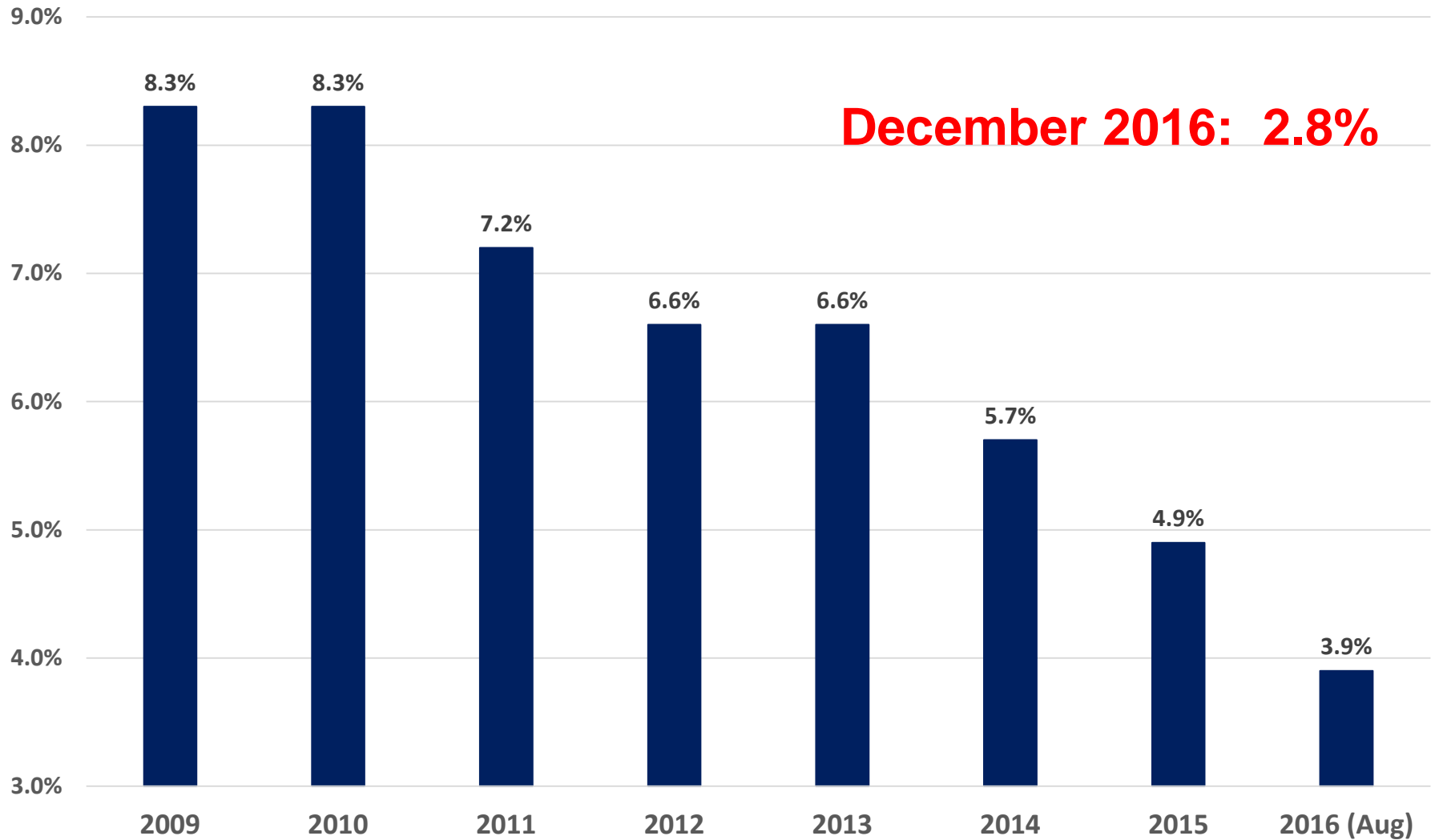


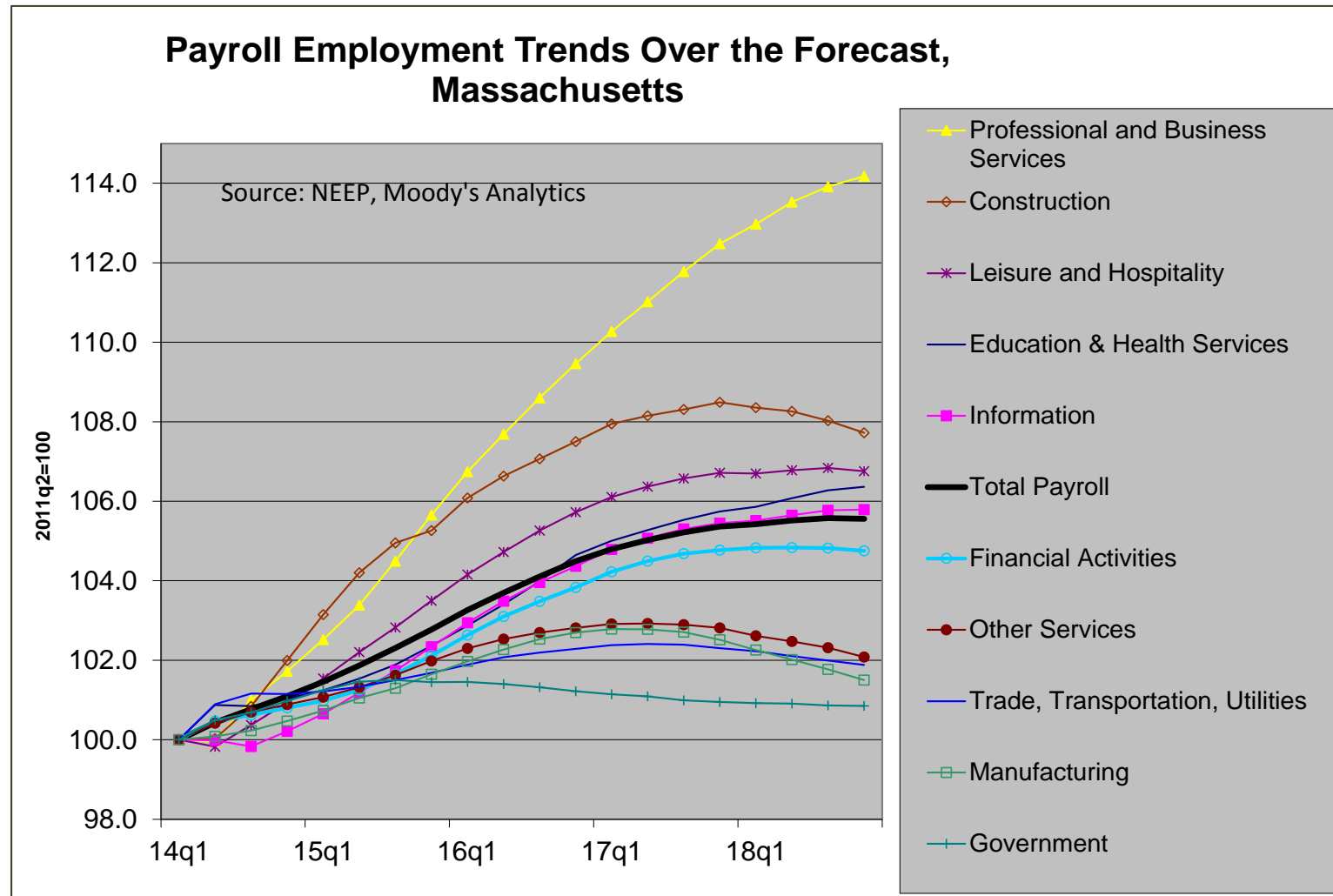
Figure 1.2 Total Non-Farm Employment
Seasonally-Adjusted
Massachusetts 2008-2016 (June)
(% = Annual Growth Rate)



Massachusetts Civilian Unemployment Rate 2009 - 2016 (August)

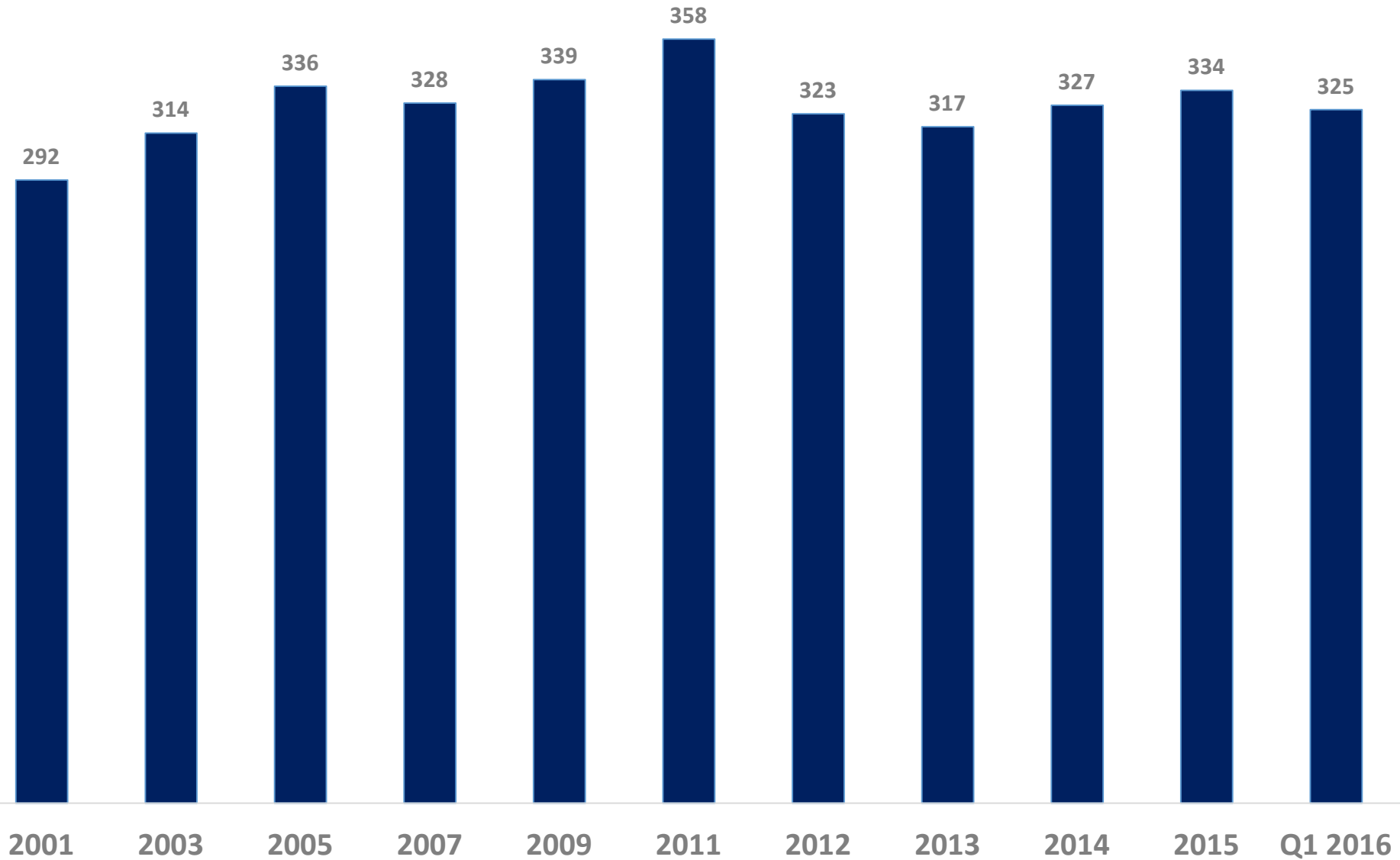


Projected Employment by Sector: 2014-2018

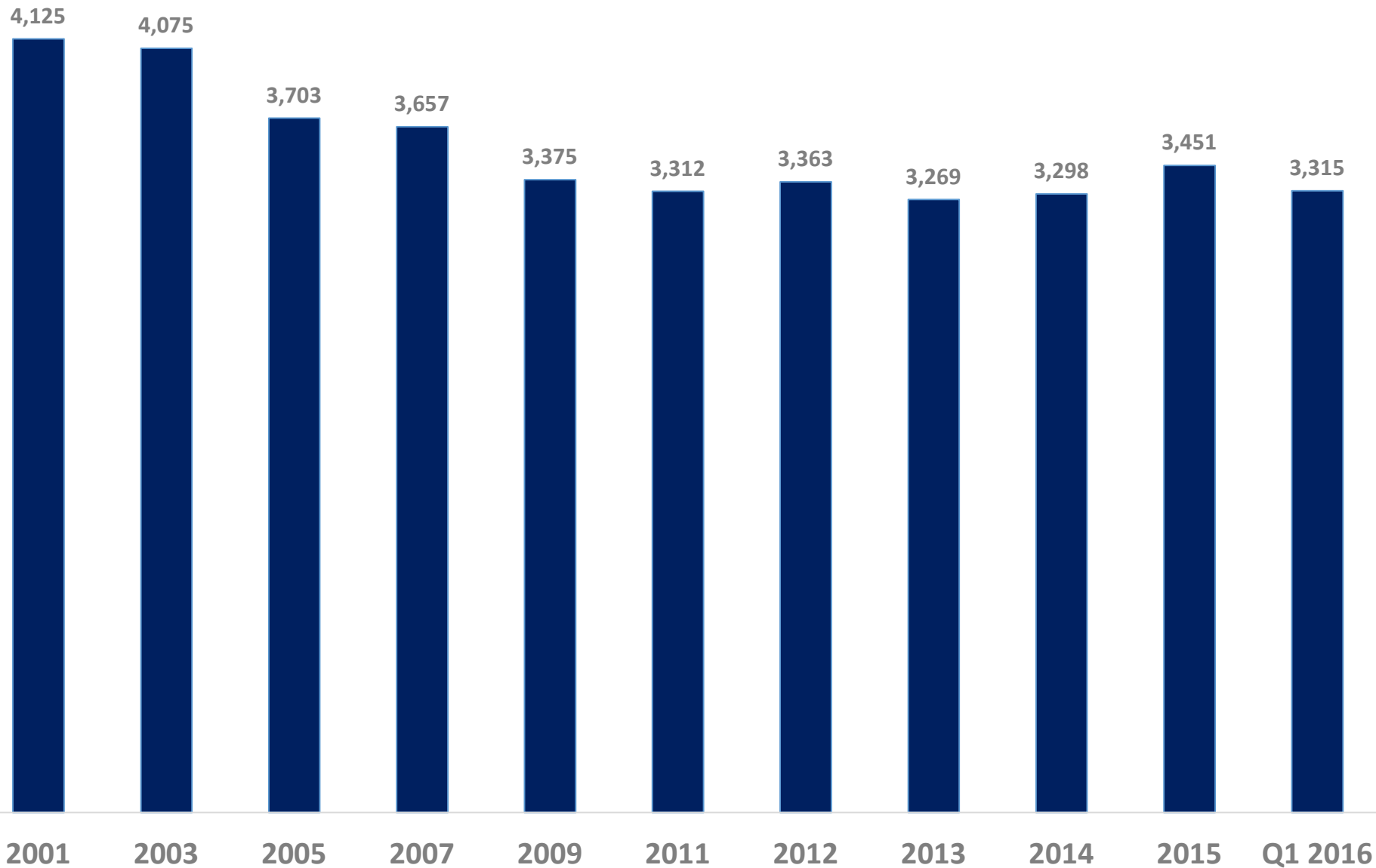


Town of Grafton: Employment

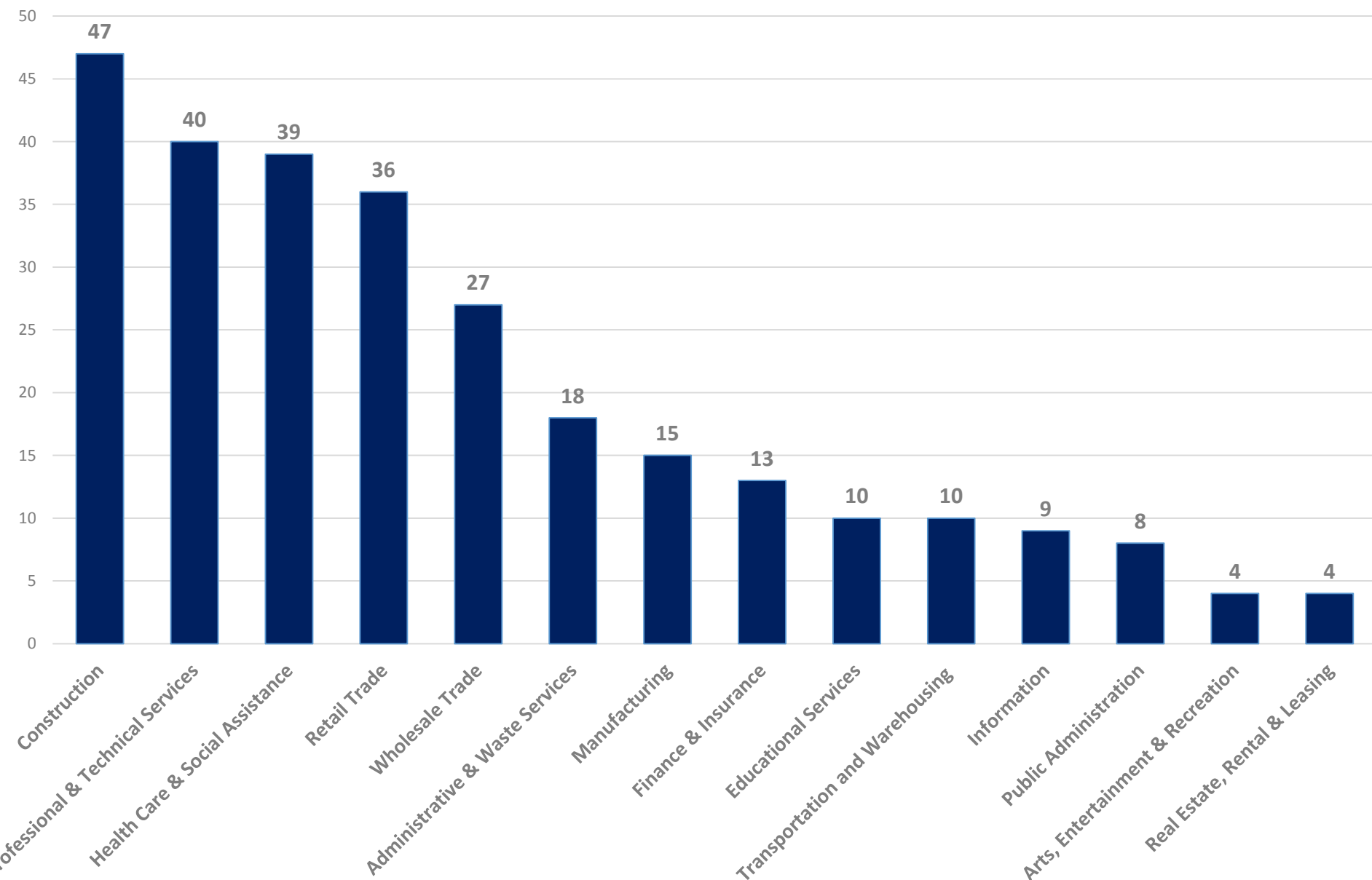
Grafton's Number of Private Industry Establishments 2001-2016



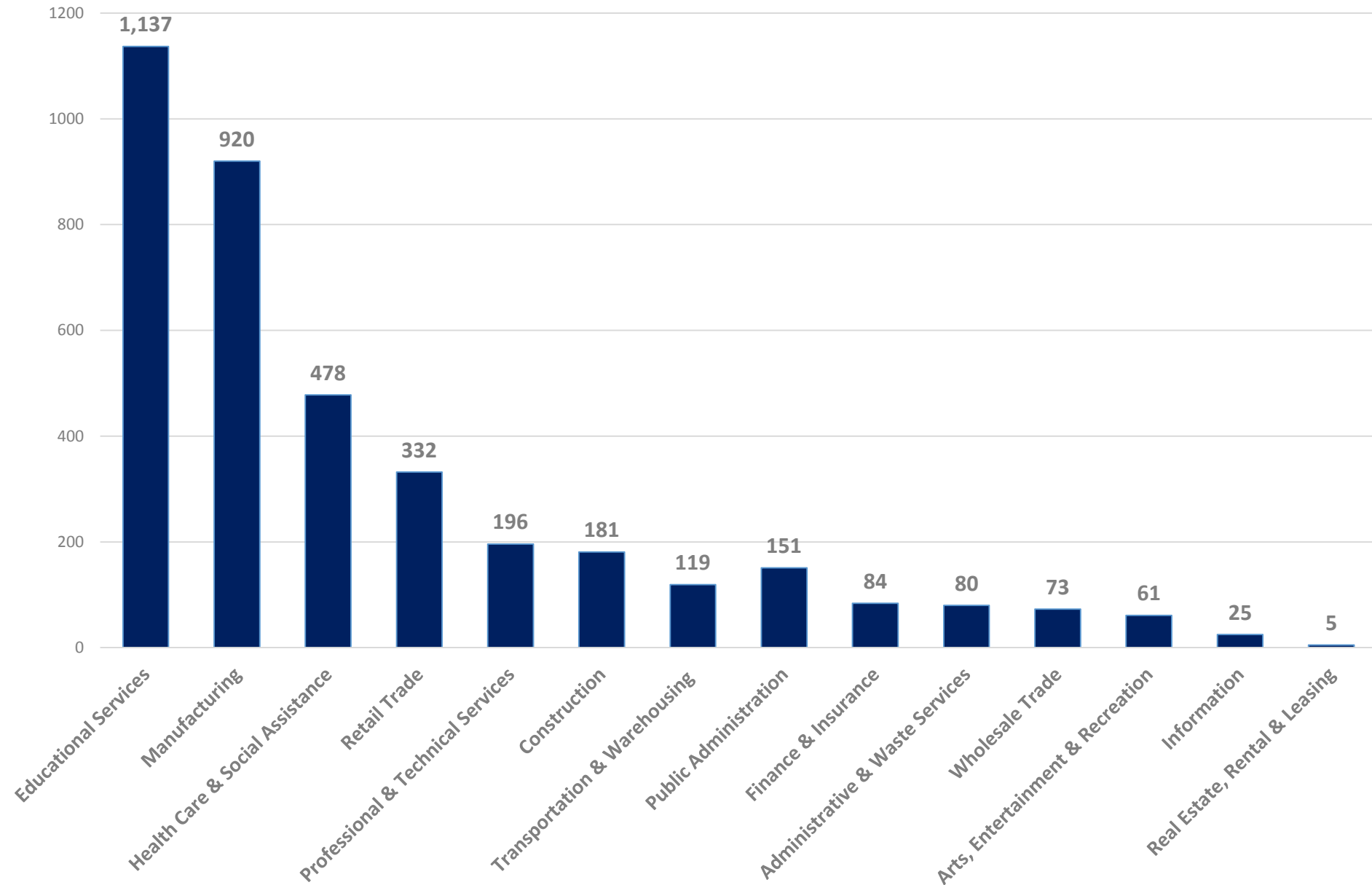
Grafton's Average Monthly Employment (Private Industry)



Grafton's Leading Industries by Number of Establishments 2015



Grafton's Average Monthly Employment by Leading Industries 2015



Promoting Economic Development in Grafton: Practical Strategies to Attract and Retain Economic Investment through EDSAT

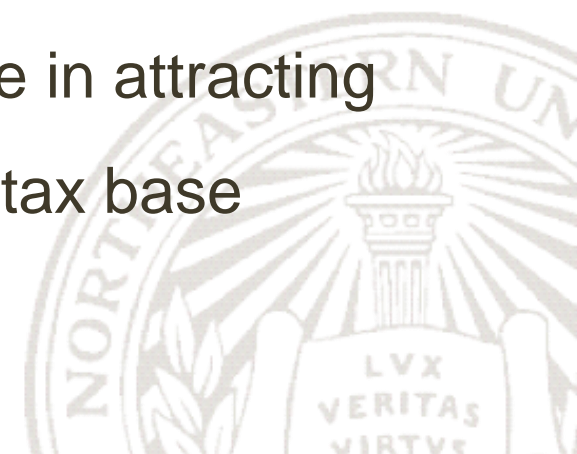


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Economic Development Overview

- Economic development is a **collaborative** process that builds strong, adaptive economies and requires leadership
- Companies move to **municipalities**, not states
- Municipal officials must play a critical role in attracting business investment, jobs, and a strong tax base



Local Communities on their Own...

- With rising federal deficits and a bipartisan drive to cut federal debt, and at the same time calling for tax cuts, there will be **little additional aid to communities** from the federal government.



States in Crisis

- With states facing **structural budget deficits**, local aid from state governments will be in short supply in many states



Local Economic Development

- In this new environment of fiscal constraint, local communities will prosper only if they are successful in finding new sources of revenue
- The best way to do this is to **attract business enterprise** to town



Be the CEO for Economic Development

- Municipal leaders must initiate and support the development process
- Begin by assessing your municipality's strengths and weaknesses
- Change what you have **control** over
- Collaborate with others on what you can **influence**



Fundamental Proposition

- *Cities and towns have the ability to create their own destinies, and they can benefit from having sophisticated partners who can help them develop tools and information to compete successfully*



Development of EDSAT

- Dukakis Center staff surveyed corporate real estate and development professionals on location decisions
- **NAIOP:** National & Massachusetts Chapter
- **CoreNet Global**
- Based on the NAIOP / CoreNet Survey, the Economic Development Self-Assessment Tool (EDSAT) for municipal leaders was created



NAIOP/CoreNET Sample

Project Type Selected	NAIOP	%	<u>CoreNet</u>	%
	General Industrial	40.0	Office / Headquarters	68.5
	Commercial / Professional	38.8	Manufacturing	10.4
	Mixed-Use	8.8	Retail	10.4
	R&D Facility	5.0	Mixed-Use	5.7
	Retail	5.0	R&D Facility	2.8
	Manufacturing	2.5	Distribution / Warehouse	1.9
Where Work is Done	NAIOP	%	<u>CoreNet</u>	%
	Pacific	18.9	International	38.3
	Middle Atlantic	18.9	<u>Pacific</u>	32.7
	South Atlantic	18.9	Middle Atlantic	28.0
	East North Central	8.8	West South Central	21.4
	International	7.6	East North Central	20.5
	East South Central	6.3	South Atlantic	19.6
	West North Central	6.3	New England	19.6
	New England	5.0	West North Central	15.8
	West South Central	5.0	East South Central	15.8
	Mountain	3.8	Mountain	11.2

Deal-Breakers Overview

DEAL-BREAKERS



CITY SELF-ASSESSMENT



CITY ACTION



DEAL-MAKERS



Deal-Breakers, continued

- Ignorance of changing market conditions: “Time to Market”
- Uncorrected “cognitive maps”
- Too little attention to site deficiencies
- Slow municipal processes
- Too much reliance on tax breaks



NAIOP / CoreNet Survey Categories

- Permitting Processes
- Labor
- Development and Operating Costs
- Business Environment
- Transportation and Access
- Quality of Life / Social Environment



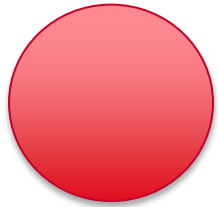
The Self-Assessment Tool (EDSAT)

The self-assessment tool consists of ten sections:

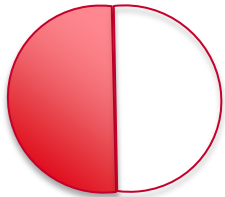
1. Access to Customers / Markets
2. Concentration of Businesses & Services (Agglomeration)
3. Cost of Land (Implicit / Explicit)
4. Labor
5. Municipal Process
6. Quality of Life (Community)
7. Quality of Life (Site Amenities)
8. Business Incentives
9. Tax Rates
10. Access to Information



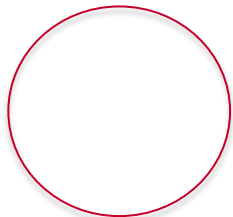
NAIOP/CoreNet Global Ranking of Critical Location Factors



Very Important Factor



Important Factor



Less Important Factor



Key EDSAT Results for Grafton

How does Grafton fare on the EDSAT questions relative to Comparison Group Municipalities (CGM)?

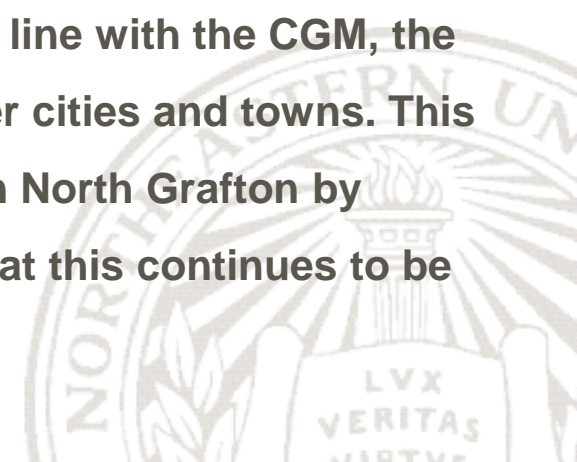
Grafton's Strengths and “Deal-Makers”

Strengths Among *Very Important* Location Factors:

INFRASTRUCTURE: Grafton's infrastructure is currently at sufficient capacity for growth and reliable service, which is ideal for a town hoping to engage in economic development.

LABOR (AVAILABLE): Over 51% of Grafton's residents over 25 have earned at least a bachelor's degree helps reinforce the case that Grafton has a strong labor pool that puts them at a competitive advantage.

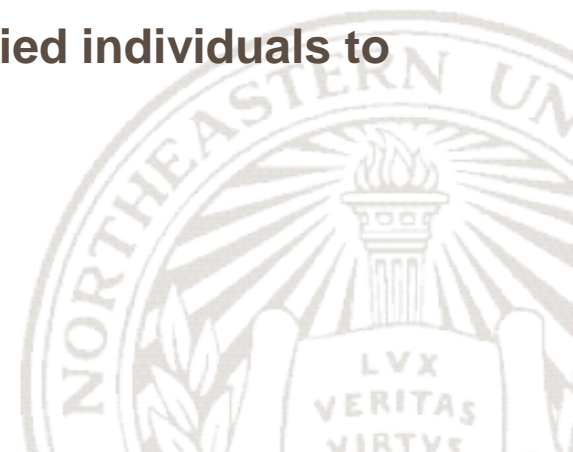
TRAFFIC: While many of the factors relating to traffic are in line with the CGM, the average speed of travel during rush hour is faster than other cities and towns. This is a strength, but anecdotes of a growing traffic concerns in North Grafton by Route 30 are important to monitor and manage to ensure that this continues to be a competitive advantage.



Grafton's Strengths Among *Very Important* Location Factors: (cont'd)

WEBSITE: Grafton's website is an excellent asset that is resourceful and kept up to date. Importantly, the main page features a specific portal on "Doing Business" that includes resources, opportunities and a permitting guide.

WORKFORCE COMPOSITION: Grafton features a strong workforce that has an exceptionally high composition of technically skilled, managerial, and professional workers. Employers and developers considering Grafton will have a strong pool of qualified individuals to fill any skilled positions.

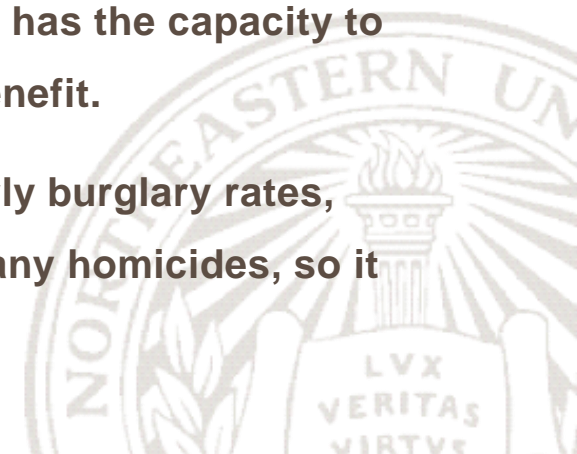


Grafton's Strengths Among *Important* Location Factors

COMPLEMENTARY/SUPPLEMENTARY BUSINESS SERVICES: Grafton has two major competitive advantages when it comes to complementary and supplementary business services: regional chamber of commerce that is vigorously involved in the economic development activities of the town, and a biotech incubator at Tufts Veterinary School. Both of these factors outweigh the town's lack of specialized law firms.

CULTURAL AND RECREATIONAL AMENITIES: Grafton appears to appreciate its rich history. Developers and workers alike enjoy having proximity to amenities such as golf courses or boating activities, but not every town has the capacity to leverage their history with local museums as an additional benefit.

CRIME RATE: The crime rate in Grafton is very low, particularly burglary rates, auto theft, and robbery rate. Grafton does not typically have any homicides, so it is fair to assume homicides rate to return to zero.

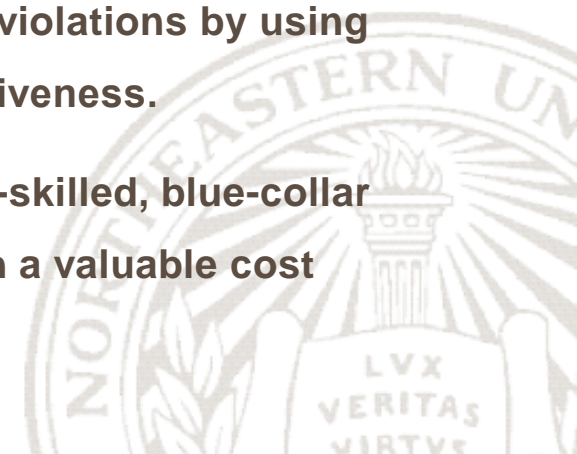


Grafton's Strengths Among *Important* Location Factors

LAND: Grafton has ample land that is available for industrial large development. Grafton has also made a deliberate effort to put aside land in a business park that is being marketed toward businesses as well as life sciences and tech oriented developers.

PHYSICAL ATTRACTIVENESS: Grafton's vigorous enforcement of codes and regulations on abandoned properties and trash disposal, and vigorous maintenance of public spaces has helped to strengthen the community's physical attractiveness. Grafton's low rates of commercial and industrial vacancies mean that the risk of blight is minimal. Being proactive about code violations by using "See Click Fix" further strengthens Grafton's physical attractiveness.

LABOR COST: Grafton's prevailing wages are lower for semi-skilled, blue-collar and mid-level clerical workers. This provides businesses with a valuable cost advantage.



Grafton's Strengths Among *Important* Location Factors

FAST TRACK PERMITS: Fast track permitting helps to reduce “time to market” and Grafton does well in this regard. The town’s biotech “platinum ready” status helps to solidify this advantage.

LOCAL SCHOOLS: Overall Grafton pupils’ performance is better than the CGM when it comes to English and mathematics proficiency, even though Grafton spends less than it’s peers per student, Spending is often a proxy for priority, but it seems that having good schools and high achievement are priorities for Grafton.

LOCAL TAX RATES: While the tax rate on property is high, Grafton currently has no tax abatements. Industry is also taxed at the same rate as residential and commercial property. The unitary tax structure combined with a meals tax helps to ensure that Grafton is collecting revenue in a way that is beneficial for economic development.

Grafton's Strengths Among *Less Important* Location Factors

RAIL: The Grafton commuter rail stop has helped drive growth in Grafton in recent years and its competitive advantage is significant.

PROXIMITY TO UNIVERSITIES & RESEARCH: Grafton has great access to public and private four-year colleges and universities, vocational schools and is home to the Tufts Veterinary School.

UNIONS: Grafton lacks significant union presence.

PERMITTING OMBUDSMAN: Grafton's local license requirements go beyond the CGM average.



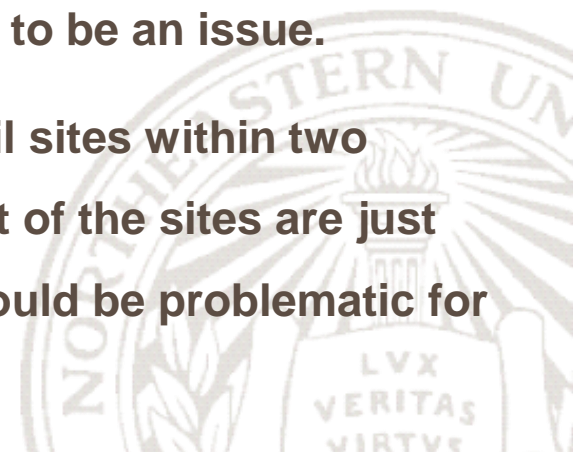
Weaknesses and “Deal-Breakers”:

Grafton's Weaknesses Among *Very Important* Location Factors:

RENT: Grafton’s rent prices are higher than then CGM in retail, general office, and manufacturing.

PARKING: Although street parking is free throughout Grafton, on-site parking for retail, manufacturing and general office space are all below the CGM. Grafton is taking advantage of state and federal infrastructure grants, which shows promise, but parking at available sites continues to be an issue.

HIGHWAY ACCESS: Grafton has low availability for retail sites within two miles of a limited access highway. That being said, most of the sites are just beyond two miles. Weight restrictions on some roads could be problematic for some businesses as well.

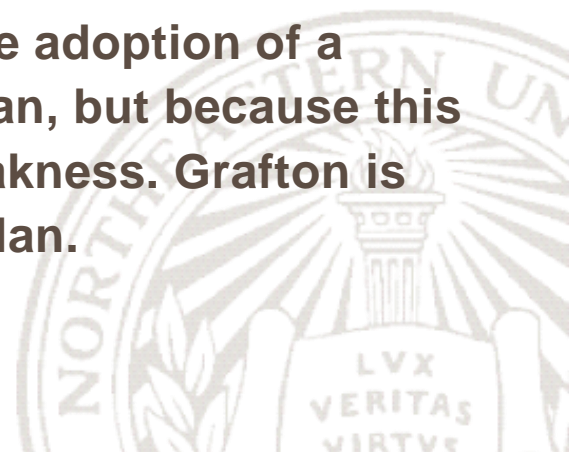


Grafton's Weaknesses Among *Important* Location Factors:

INDUSTRY SENSITIVITY: Although it is not a relative weakness, Grafton along with the majority of the CGM would be wise to demonstrate greater industry sensitivity within the areas.

PREDICTABLE PERMITS: Permitting processes that are predictable helps to facilitate economic development. Grafton currently does not provide a checklist of permitting requirements, a flowchart of the permitting process, a handbook or allow for a single presentation of a development proposal to all review boards, which makes this a weakness.

CRITICAL MASS FIRMS: Grafton has planned for the adoption of a development strategy coupled with an economic plan, but because this has yet to be realized it should be considered a weakness. Grafton is also lacking in an aggressive industrial attraction plan.



Grafton's Weaknesses Among *Important* Location Factors:

CROSS MARKETING: Grafton does not engage in cross marketing efforts of any kind: with already-resident firms, local or regional business organizations, or regional planning and development organizations, which compares poorly with the CGM.

MARKETING FOLLOW-UP: The lack of a formal marketing strategy makes marketing follow-up a weakness.

HOUSING: The vacancy rate for rental housing and homes are low enough that they could cause a large increase in housing cost. This risk in conjunction with the proportion of major officers living outside of the community makes housing a relative weakness for Grafton.

PUBLIC TRANSIT: Access to public transit is problematic for most of Grafton. While the town does have the RTA, the routes are limited and do not run on weekends.

Grafton's Weaknesses Among *Important* Location Factors:

SITES AVAILABLE: Grafton is proactive in maintaining an active relationship with real estate brokers and developers, but it does a poor job of publicizing available sites, reclaiming faltering properties, and protecting industrial land from incompatible uses.

STATE AND LOCAL BUSINESS INCENTIVES: Grafton rarely takes advantage of the state's tax incentive programs, and does not actively pursue federal/state programs designated to attract and retain businesses. Although your municipality offers TIF arrangements, it does not offer any additional programs attractive to business investment.

SITE AMENITIES: Grafton currently has little to no fine dining, retail shops, day care, and fast food restaurants near its available sites.

TAX DELINQUENCY: Grafton has a higher number of tax defaulted properties than the CGM and the properties are typically auctioned much later. State regulations may be the cause of some slow down and the town appears to have a good policy of only selling properties that will provide net revenue, but this should be an issue to watch.

Grafton's Weaknesses Among *Less Important* Location Factors:

WORKFORCE TRAINING: Grafton is not meeting demand for adult education programs that can help to develop the workforce and enhance opportunities.

AIRPORTS: Grafton is relatively close to a regional airport in Worcester but is over 31 miles from Logan International Airport and the time it takes to get to the airport can vary significantly depending on the time of day.



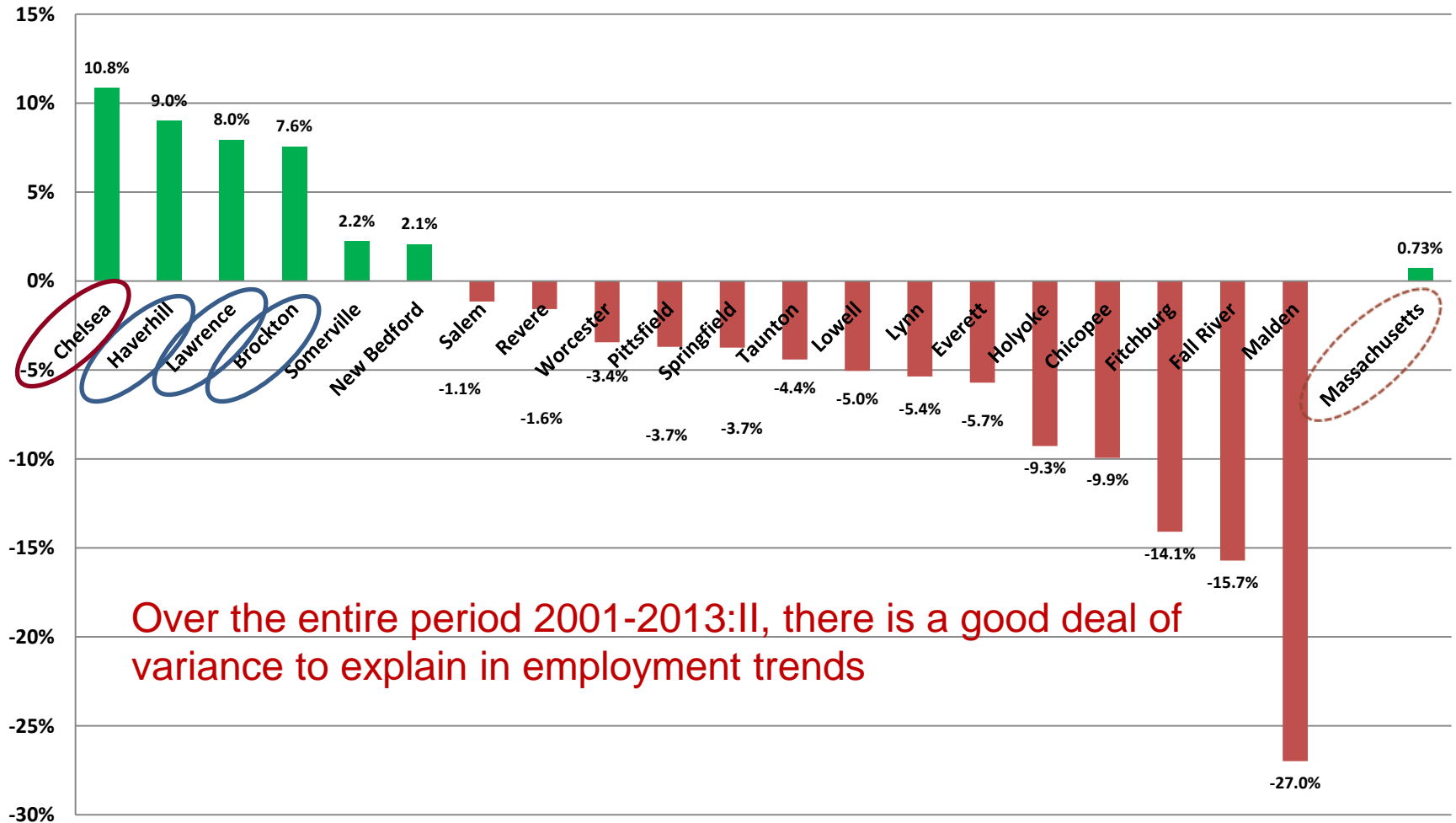
But What Really Matters?

Massachusetts Working Cities



Employment Trends, 2001 - 2013

**Working Cities
Percentage Change in Employment
All Private Sector Industries
2001-2013:II**



EDSAT Correlation Analysis

What factors are most highly correlated with employment growth?

EDSAT Measures – 26 in All

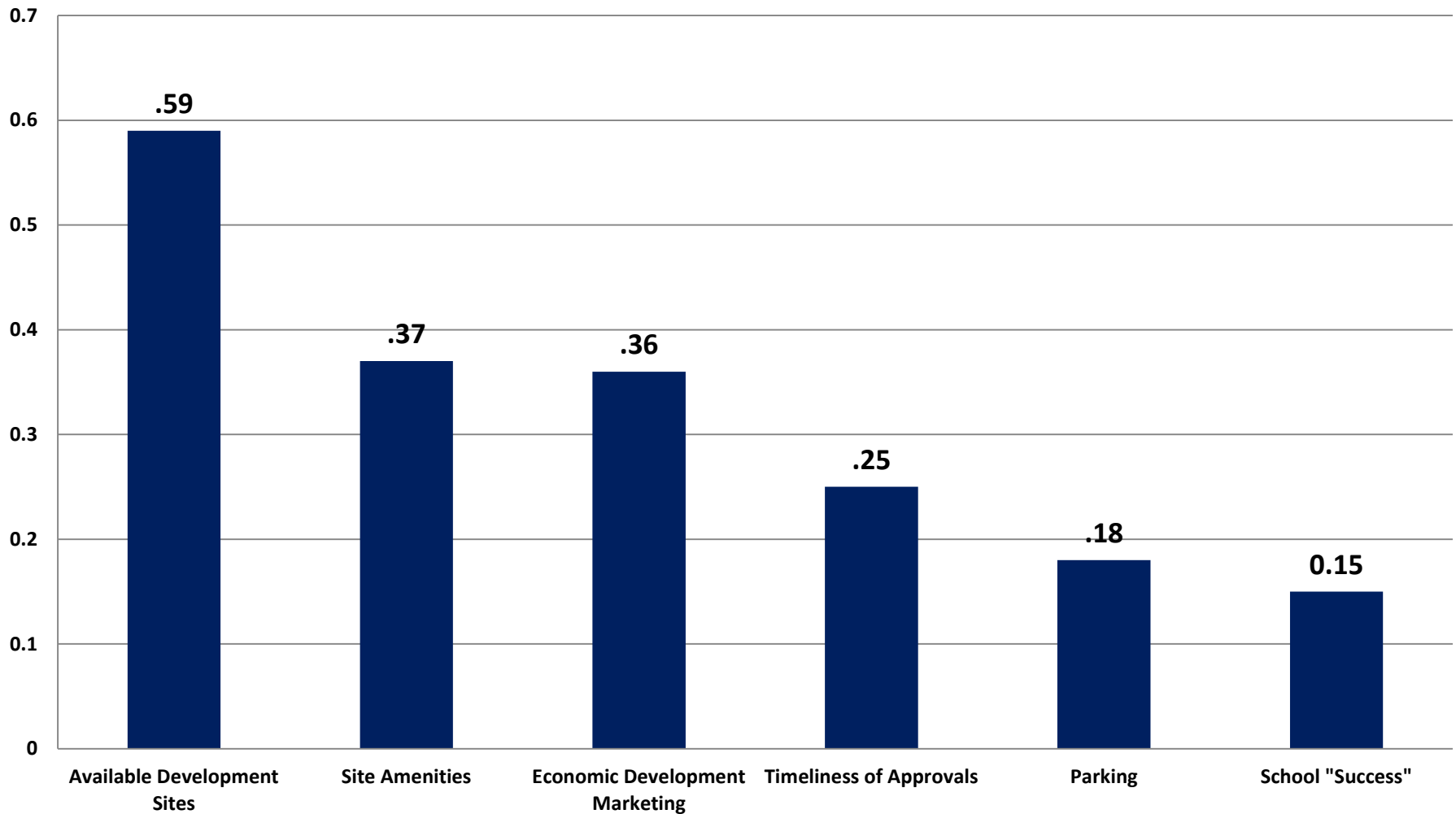
Highway Access
Parking Availability
Traffic Congestion
Infrastructure Limitations
Commercial/Industrial Rents
Labor Force Skills
Timeliness of Approvals
Public Transit Availability
Physical Attractiveness of Municipality
Complementary Business Services
Critical Mass of Firms – Local Supply Chain Firms
Cross Marketing by Municipality and Business Community
Marketing Follow-up with Locating/Relocating Firms
Quality of Available Development Parcels

Labor Cost
Formal Economic Development Strategy
Available Development Sites
Predictable Permitting
Fast Track Permitting
Citizen Participation in Development Process
Cultural and Recreational Amenities
Crime Rates
Housing Cost
School Success Measures
Amenities near Available Development Sites
Local Tax Rate Environment

What Factors are Correlated with Greater Employment Growth?

Correlations between employment growth and EDSAT variables, 2001-2013:II

Working Cities
Factors Most Highly Correlated with Percentage Change in Employment All Private Sector
Industries
2001-2013:II



Control Variables

Corr. % Chg Emp. 2001-2013/Proximity to Boston

+.16 Slight positive correlation

Corr. % Chg Emp. 2001-2013/Higher Poverty Rate

+.17 Slight positive correlation

Corr. % Chg Emp. 2001-2013/Larger Manufacturing Base

+0.13 Weak positive correlation

Key Factors **NOT** Highly Correlated with Employment Growth ... or Inversely Correlated

Complementary Business Services (+.07)

Low Crime Rate (+.07)

Public Transit (+.04)

Highway Access (-.03)

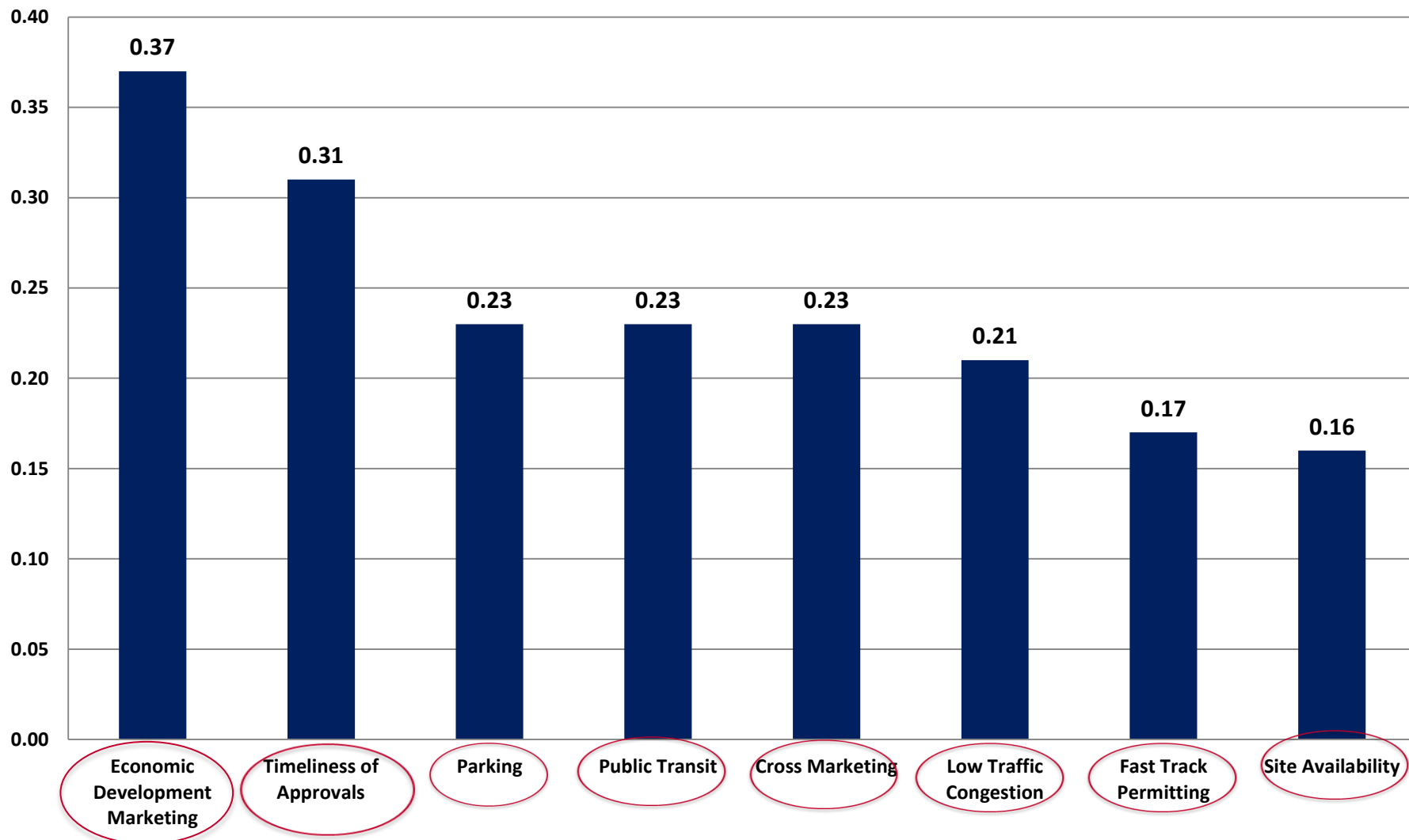
Commercial/Industrial Rents (-.08)

Cultural & Recreational Amenities (-.12)

Low Local Tax Rates (-.27)

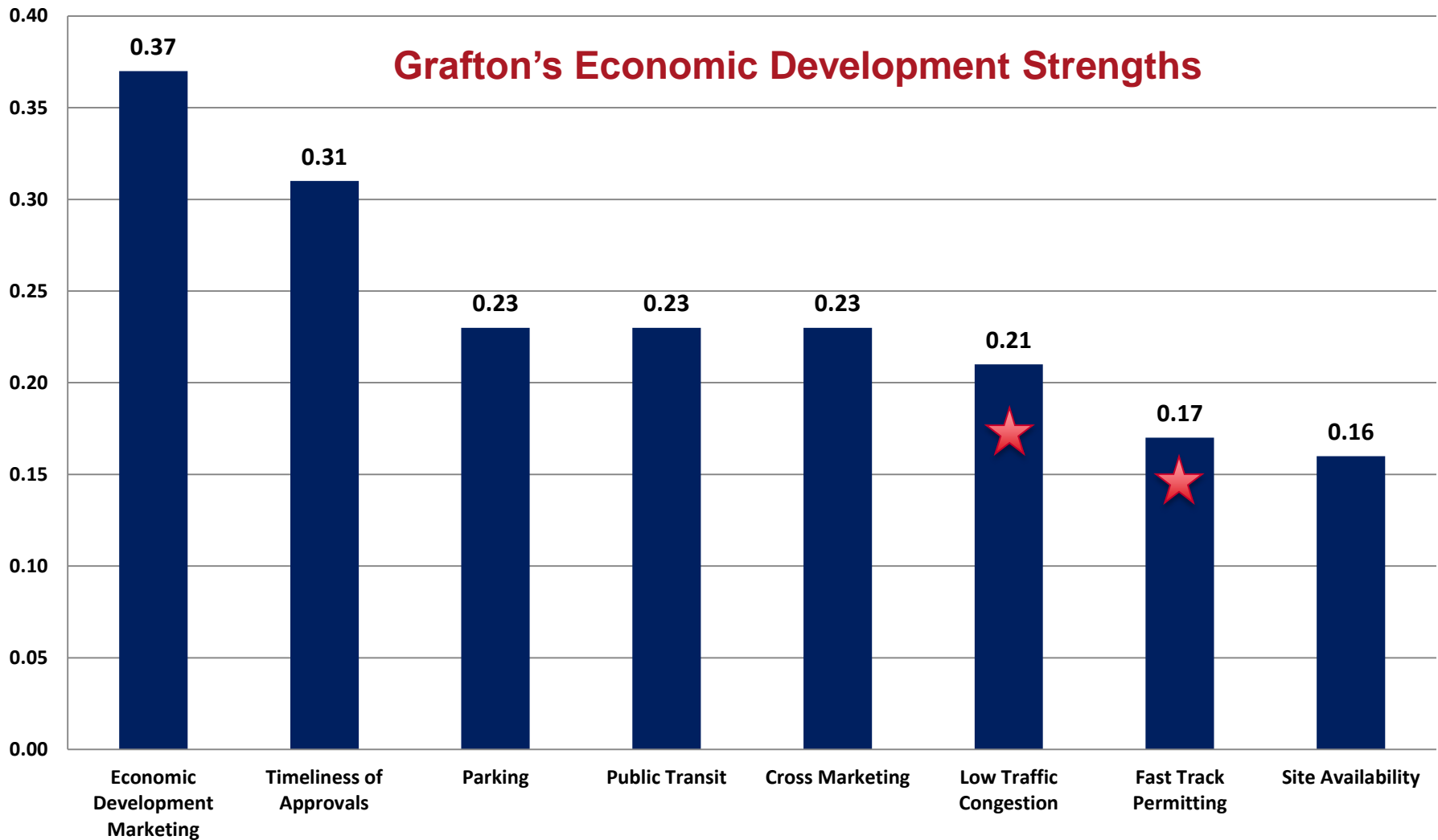
Physical Attractiveness of City (-.35)

50 Massachusetts Municipalities - Factors Most Highly Correlated with Increase in Establishments 2001-2011

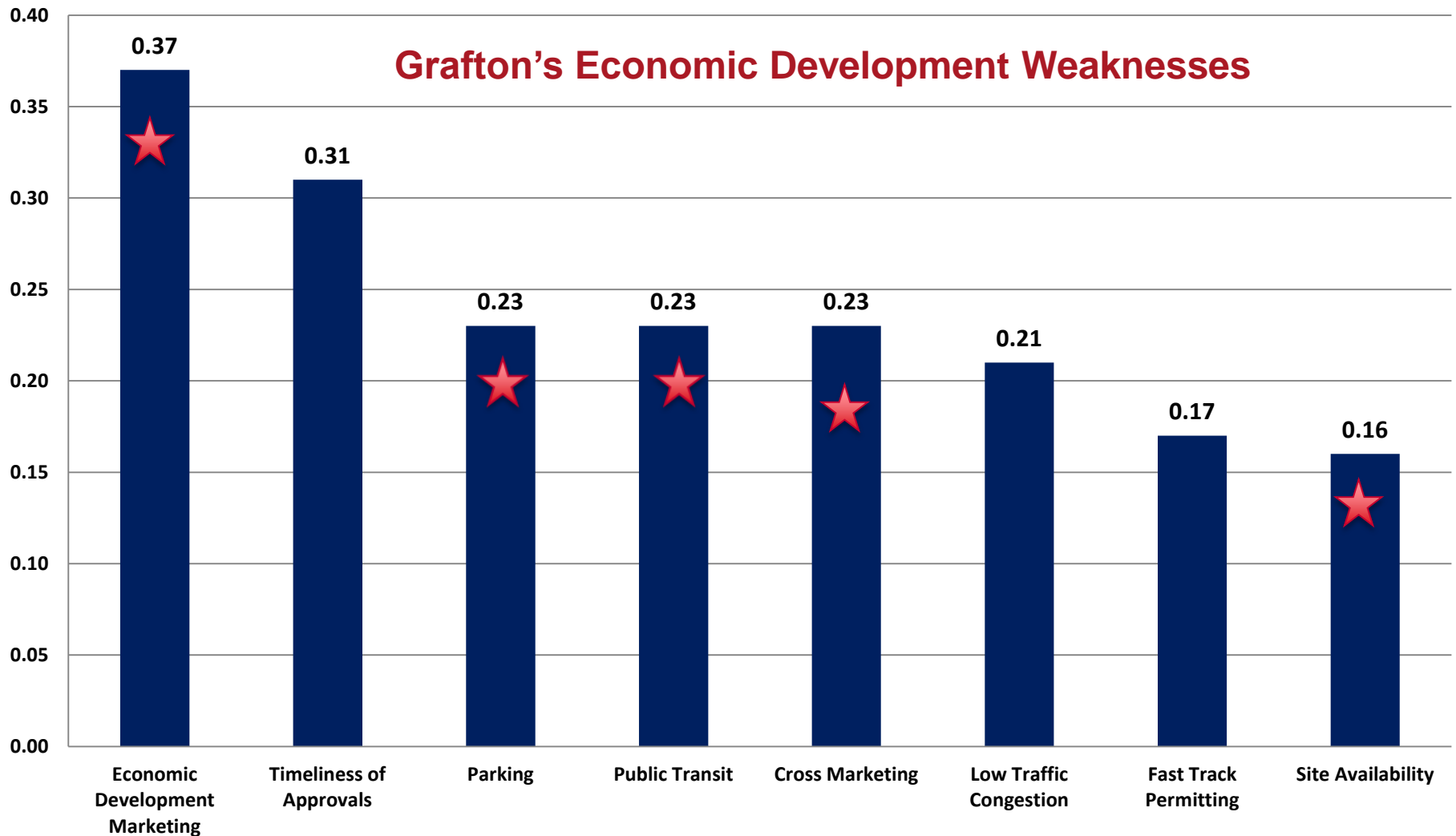


50 Massachusetts Municipalities - Factors Most Highly Correlated with
Increase in **Establishments**
2001-2011

Grafton's Economic Development Strengths



50 Massachusetts Municipalities - Factors Most Highly Correlated with
Increase in **Establishments**
2001-2011



Conclusions

Things to Think About

- **Grafton has many good things going for it:**
 - A strong labor pool and a workforce composition that is highly educated
 - Solid traffic and infrastructure management
 - A physically attractive town with cultural and recreational amenities
 - Well-designed and regularly maintained website
- **But you could be better positioned to attract business investment and jobs by:**
 - Improve communication to current businesses and be proactive about the needs of businesses in your community.
 - Develop an economic development plan committed to cross-marketing, marketing follow-up, improved cluster development (“critical mass firms”), and an appropriate industrial attraction policy.
 - Addressing a potential housing shortage and rising prices through residential development and disposal of tax-delinquent properties at a faster clip
 - Enhance the already valuable “Doing Business” section of the website with a permitting process flowchart and checklist.





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Thank you!

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